



HOUSE BILL 1113: Local Option Sales Tax/School Construction.

2019-2020 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	June 17, 2020
Introduced by:	Reps. Hardister, Clemmons, Faircloth, Brockman	Prepared by:	Trina Griffin Staff Attorney
Analysis of:	Second Edition		

OVERVIEW: *House Bill 1113 would allow Guilford County to designate as the purpose for which it may use the proceeds of the one-quarter cent local sales and use tax either any public purpose or only public school capital outlay purposes. The bill would further allow the county to specifically identify that purpose on the ballot for approval of the tax. If approved for public school capital outlay purposes, the county is directed to maintain current funding levels for school construction and not to replace existing funds for public school construction with these funds.*

CURRENT LAW: All 100 counties levy at least a 2.0% local sales and use tax. All 100 counties also have the ability to levy an additional one-quarter cent local sales and use tax, upon approval of the voters, and the proceeds may be used for any public purpose. Since the enactment of the authorization, at least 167 referenda have been held in approximately 77 counties. Of those, 45 were approved.

The State and local sales and use tax rate in Guilford County is 6.75% (4.75% State + 2.0% local). Guilford County has held a total of four unsuccessful referenda in 2008, 2010, and 2014.

Counties may only hold the referendum at the same time as any other State or county general election or at the same time as the primary election in any even-numbered year.

BILL ANALYSIS: House Bill 1113 would authorize Guilford County to modify the ballot question for purposes of levying the one-quarter cent local sales and use tax under Article 46 of Chapter 105 of the General Statutes. In terms of the overall rate, it would not provide any additional taxing authority that the county does not already have.

The county would have the option of choosing between one of two possible purposes for which the proceeds may be used: either "any public purpose," which is the current law, or "only public school capital outlay purposes." The ballot question would be specific to the purpose for which the county intends to use the proceeds. Therefore, if the county wants to limit the use of the proceeds for school construction, the ballot question would be whether the voters support a one-quarter cent local sales and use tax to be used *only for public school capital outlay purposes.*

The bill further directs the county to maintain the same amount of funding that it used or appropriated for public school capital outlay in the fiscal year prior to the fiscal year in which the voters approve the measure.

EFFECTIVE DATE: This bill would become effective when it becomes law.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578